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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

QUARTERLY REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For Quarter ended March 31, 1992 Commission File No. 0-18606

DISCOVERY TECHNOLOGIES, INC.
(Exact name of registrant as specified in its charter)

Kansas	36-3526027
State or other jurisdiction of incorporation or organization	IRS Employer Identification Number
2405 Trade Center Drive, Suite H, Longmont, CO	80503
Address of principal executive office	Zip Code

Registrant's telephone number, include area code: (303) 651-6500

Indicated by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ___X___ No _____

Number of registrant's common shares outstanding at March 31, 1992: 15,930,450

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PART I. FINANCIAL INFORMATION
DISCOVERY TECHNOLOGIES, INC.
BALANCE SHEET
MARCH 31, 1992 AND JUNE 30, 1991

	March 31, 1992 Unaudited	June 30, 1991 Audited
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 113,828	$ 283,455
Investments	-0-	94,995
Accounts Receivable - Net of Allowance for Doubtful Accounts of $91,120 and $110,000	186,460	20,543
Inventory	481,672	873,948
Other Current Assets	7,828	7,605
Total Current Assets	789,788	1,280,546
Property & Equipment - Net	131,454	170,673
Intangible Assets:		
Technology, net of accumulated amortization of 120,246 and 89,326	374,487	405,407
Applications, net of accumulated amortization of 67,705 and 50,294	94,795	112,206
Total Assets	$ 1,390,524	$ 1,968,832
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts Payable	$ 143,595	$ 255,512
Accrued Expenses	61,289	49,708
Due to Affiliate	6,120	6,120
Total Current Liabilities	211,004	311,340
Note payable - Affiliate	428,324	-0-
Total Liabilities	639,328	311,340
Commitments and Contingencies	-0-	-0-
Shareholders' Equity:		
Preferred stock ($. 01 par value, 1,000,000 shares authorized, no shares issued and outstanding)	-0-	-0-
Common stock ($.01 par value, 40,000,000 shares authorized, 15,930,450 and 15,950,000 shares issued and outstanding)	6,247,402	6,247,402
Additional paid-in capital - warrants	50,000	-0-
Accumulated Deficit	(5,367,882)	(4,589,910)
	929,520	1,657,492
Less subscriptions receivable	(175,000)	-0-
Less 19,550 shares of common stock in treasury at cost at March 31, 1992	(3,324)	-0-
Total Shareholders' Equity	751,196	1,657,492
Total Liabilities and Shareholders' Equity	1,390,524	1,968,832

DISCOVERY TECHNOLOGIES, INC.
STATEMENT OF OPERATIONS
(UNAUDITED)

For the Three And Nine Months Ended
March 31, 1992 and 1991

	Third Quarter Three Months		Year to Date Nine Months	
	1992	1991	1992	1991
Sales	151,258	261,629	748,505	652,204
Cost of Sales	120,826	195,348	620,055	514,759
Gross Profit	30,432	66,281	128,450	137,445
Operating Expenses:				
Selling Expense	77,989	286,171	266,362	388,734
General & Administrative	71,188	298,906	197,477	1,462,758
Research & Development	69,151	259,380	224,470	362,057
Total Expenses	218,328	844,457	688,309	2,213,549
Operating Loss	(187,896)	(778,176)	(559,859)	(2,076,104)
Interest Expense	-0-	(126)	(89)	(1,151)
Interest Income	336	14,597	8,121	106,369
Other Income (Loss)	-0-	-0-	(1,144)	-0-
Net Loss	(187,560)	(763,705)	(552,971)	(1,970,886)
Weighted average Number of Common Shares Outstanding	14,378,251*	15,950,000*	14,018,946*	15,950,000*
Net Gain (Loss) Per Share	(.01)	(.05)	(.04)	(.12)

* Calculated without common stock equivalents as their effect would be anti-dilutive.

DISCOVERY TECHNOLOGIES, INC.
STATEMENT OF CASH FLOWS
(UNAUDITED)
FOR THE THREE AND NINE MONTHS ENDED MARCH 31, 1992 AND 1991

	Third Quarter Three Months		Year to Date Nine Months	
	1992	1991	1992	1991
Cash flows from operating activities:				
Net Loss	(187,560)	(763,705)	(552,971)	(1,970,886)
Adjustments to reconcile net loss to net cash used in operating activities:				
Depreciation and amortization	28,741	45,509	86,291	166,688
Loss on sale of equipment	-0-	-0-	1,258	-0-
Decrease (increase) in assets:				
Accounts receivable	4,161	73,606	(165,917)	96,514
Inventory	81,859	40,981	392,276	(157,263)
Other Current Assets	(967)	46,298	(223)	22,129
Increase (decrease) in liabilities:				
Accounts payable	11,204	73,526	(111,917)	(197,285)
Accrued expenses	(6,936)	30,054	11,581	44,647
Net cash used in operations	(69,498)	(453,731)	(339,622)	(1,995,456)
Cash flows from investing activities:				
Purchase of property & equipment	-0-	70,786	-0-	2,420
Decrease in investments	-0-	104,817	94,995	1,078,589
Net cash provided by investing activities	-0-	175,603	94,995	1,081,009
Cash flows from financing activities:				
Payment of long-term debt	-0-	-0-	-0-	(7,920)
Payments of obligations under capital leases	-0-	(59,463)	-0-	(69,465)
Advances from affiliate	-0-	6,223	-0-	6,223
Repayment of Advance from affiliate	-0-	(11,106)	-0-	-0-
Stock subscriptions received	75,000	-0-	75,000	-0-
Net cash provided by (used in) financing activities	75,000	(64,346)	75,000	(71,162)
Increase (decrease) in cash & cash equivalents	5,502	(342,474)	(169,627)	(985,609)
Cash & cash equivalents - beginning of period	108,326	619,331	283,455	1,262,466
Cash & cash equivalents - end of period	113,828	276,857	113,828	276,857
Supplemental disclosures of cash flow information:				
Cash paid during the period for interest	-0-	-0-	89	692

Supplemental schedule of non-cash investing and financing activities:

The Company purchased 2,519,550 shares of its stock from an affiliate by issuing a note payable of $428,324 in July, 1991.
During the quarter ended March 31, 1992, the Company sold 1,250,000 units of its securities for stock subscriptions of $250,000 (Note 5).

DISCOVERY TECHNOLOGIES, INC.

NOTES TO CONDENSED FINANCIAL STATEMENTS

MARCH 31, 1992
(UNAUDITED)

(1) The accompanying unaudited condensed financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal, recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three and nine months ended March 31, 1992 are not necessarily indicative of the results that may be expected for the year ended June 30, 1992. For further information, refer to the financial statements and footnotes thereto included in the Company's annual report on Form 10-K for the year ended June 30, 1991.

(2) The accounting policies followed by the Company are set forth in Note 1 of the Company's financial statements in the Company's Form 10-K report for the year ended June 30, 1991.

(3) Loss per share for each of the reported periods is determined by dividing the net loss for such period by the weighted average number of common shares outstanding.

(4) During the quarter ended September 30, 1991, the Company purchased 2,519,550 shares of its common stock from an affiliate by issuing a note payable for $428,324.

(5) During the quarter ended March 31, 1992, the Company sold 1,250,000 units of its securities for stock subscriptions of $250,000 ($75,000 of which had been closed at March 31, 1992). Each unit consisted of two shares of the Company's common stock and a warrant expiring on February 1, 1994, to acquire one additional share of common stock at $.10 per share.

(6) Inventory consisted of the following at:

	March 31, 1992	June 30, 1991
Raw Materials	215,582	$361,546
Work in Process	53,798	296,787
Finished Goods	212,292	215,615
	$481,672	$873,948

The Company recorded a net loss of $187,560 or ($.01) per share on revenues of $151,258 for the quarter ended March 31, 1992, as compared to a net loss of $763,705 or ($.05) per share on revenues of $261,629 for the quarter ended March 31, 1991. For the nine months ended March 31, 1992, the Company recorded a net loss of $552,971 or ($.04) per share on revenues of $748,505, as compared to a net loss of $1,970,886 or ($.12) per share on revenues of $652,204 for the nine months ended March 31, 1991.

Sales for the quarter ended March 31, 1992 were lower than anticipated due to delays in customer purchase decisions and the loss of a planned order to a lower priced competitive product. Although sales for the nine-month period ended March 31, 1992 were greater than the same nine month period of 1991, the Company's marketing and sales efforts continue to be limited by the lack of capital resources required to support significant marketing and sales activities.

Gross margins for the 1992 periods are slightly lower than for the 1991 periods as the Company has offered special introductory pricing for its second generation products in order to compete more favorably with lower priced competitive products. While the Company believes its products are favorably priced when compared on the basis of features and quality of images transmitted, the markets for its products are very price sensitive.

Operating expenses for the quarter and the nine months ended March 31, 1992 compared to the same periods in 1991 decreased substantially as a result of actions to reduce payroll and other operating expenses taken in the fourth quarter of 1991 and the first quarter of 1992. The Company's strategy of selling it's products primarily through dealers and sales representatives, on a commission only basis, has substantially reduced selling expenses as compared to expenses associated with a direct sales force in the same periods in 1991. The Company intends to hold operating expenses at relatively low levels until it's revenues increase significantly or it is able to obtain sufficient additional capital to support an expanded marketing and sales effort.

Interest income has decreased substantially as the Company has used its cash and cash equivalent assets to fund its operating losses.

Liquidity and Capital Resources

At March 31, 1992, the Company had working capital of $578,784. While the Company believes that it has sufficient working capital to fund it's current level of operations for the balance of fiscal 1992, and for the first months of fiscal 1993, the Company will be required to obtain additional working capital if it is to fully implement its business plan and sustain operations in fiscal 1993. While the Company is pursuing various possibilities, including additional sales of its securities, there can be no assurance that such funds will be available or, if available, available on terms acceptable to the Company.

On April 7, 1992, the Company entered into an Asset Purchase Agreement with Globesat Holding Corporation ("Globesat") pursuant to which Globesat would acquire substantially all of the Company's assets. While the Company understands that Globesat's current operations are generating cash in excess of that needed to fund its operations at present levels, the Company believes that Globesat also would be required to obtain additional capital following the acquisition of the Company's assets for it to be able to fully implement the Company's business plan. While the Company and representatives of Globesat are exploring various funding possibilities, there can be no assurance that such funds will be available, or if available, available on terms acceptable to the combined companies following the acquisition.

The Company has no material commitments for capital expenditures during the remainder of fiscal 1992 or for fiscal 1993.

PART II. OTHER INFORMATION

Items 1-4. Not Applicable

Item 5. Other Information

On April 7, 1992, the Company and Globesat Holding Corporation ("Globesat") entered into an Asset Purchase Agreement pursuant to which Globesat is to acquire substantially all of the Company's assets. The Company anticipates that upon consummation of the transaction, assuming that it is approved by the Company's stockholders, that stockholders of the Company will receive approximately 3/4 of a share of Globesat common stock for each share of the Company's common stock. For additional information regarding this proposed transaction, reference is made to the Company's current report, on Form 8-K, dated April 7, 1992 filed with the Commission.

As of the date of this report, the Company has received subscriptions for 1,250,000 units of the Company's securities, 375,000 units of which had been purchased at March 31, 1992, 375,000 of which are to be purchased prior to completion of the Globesat transaction described above, and 500,000 of which are to be purchased upon completion of such transaction. The purchase price is $.20 per unit. Each unit consists of two shares of the Company's common stock and a warrant expiring on February 1, 1993 representing the right to acquire an additional share of such stock at $.10 per share.

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

Exhibits -- None.

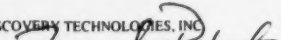
The Company was not required to file any reports on Form 8 - K during the quarter ended March 31, 1992. The Company did file a report on Form 8-K, Item 5 - Other Information, dated April 7, 1992 to report the signing of the Asset Purchase Agreement described above.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on behalf of the undersigned thereunto duly authorized.

Date:

DISCOVERY TECHNOLOGIES, INC.

By 

Thomas S. Plunkett
Chief Operating Officer
Chief Financial Officer